

ESHB 2140 - S COMM AMD

By Committee on Ways & Means

1 Strike everything after the enacting clause and insert the
2 following:

3 **"Sec. 1.** RCW 84.52.065 and 2018 c 295 s 1 are each amended to
4 read as follows:

5 STATE PROPERTY TAX DEPOSIT. (1) Except as otherwise provided in
6 this section, subject to the limitations in RCW 84.55.010, in each
7 year the state must levy for collection in the following year for the
8 support of common schools of the state a tax of three dollars and
9 sixty cents per thousand dollars of assessed value upon the assessed
10 valuation of all taxable property within the state adjusted to the
11 state equalized value in accordance with the indicated ratio fixed by
12 the state department of revenue.

13 (2)(a) In addition to the tax authorized under subsection (1) of
14 this section, the state must levy an additional property tax for the
15 support of common schools of the state.

16 (i) For taxes levied for collection in calendar years 2018
17 through 2021, the rate of tax is the rate necessary to bring the
18 aggregate rate for state property tax levies levied under this
19 subsection and subsection (1) of this section to a combined rate of
20 two dollars and forty cents per thousand dollars of assessed value in
21 calendar year 2019 and two dollars and seventy cents per thousand
22 dollars of assessed value in calendar years 2018, 2020, and 2021. The
23 state property tax levy rates provided in this subsection (2)(a)(i)
24 are based upon the assessed valuation of all taxable property within
25 the state adjusted to the state equalized value in accordance with
26 the indicated ratio fixed by the state department of revenue.

27 (ii) For taxes levied for collection in calendar year 2022 and
28 thereafter, the tax authorized under this subsection (2) is subject
29 to the limitations of chapter 84.55 RCW.

30 (b)(i) Except as otherwise provided in this subsection, all taxes
31 collected under this subsection (2) must be deposited into the state
32 general fund.

1 (ii) For fiscal year 2019, (~~nine hundred thirty-five million~~
2 ~~dollars of~~) taxes collected under this subsection (2) must be
3 deposited into the education legacy trust account for the support of
4 common schools.

5 (3) For taxes levied for collection in calendar years 2019
6 through 2021, the state property taxes levied under subsections (1)
7 and (2) of this section are not subject to the limitations in chapter
8 84.55 RCW.

9 (4) For taxes levied for collection in calendar year 2022 and
10 thereafter, the aggregate rate limit for state property taxes levied
11 under subsections (1) and (2) of this section is three dollars and
12 sixty cents per thousand dollars of assessed value upon the assessed
13 valuation of all taxable property within the state adjusted to the
14 state equalized value in accordance with the indicated ratio fixed by
15 the state department of revenue.

16 (5) For property taxes levied for collection in calendar years
17 2019 through 2021, the rate of tax levied under subsection (1) of
18 this section is the actual rate that was levied for collection in
19 calendar year 2018 under subsection (1) of this section.

20 (6) As used in this section, "the support of common schools"
21 includes the payment of the principal and interest on bonds issued
22 for capital construction projects for the common schools.

23 **Sec. 2.** RCW 28A.300.780 and 2018 c 266 s 401 are each amended to
24 read as follows:

25 HOLD HARMLESS. (1) For the 2018-19 and 2019-20 school years, the
26 office of the superintendent of public instruction shall allocate a
27 hold-harmless payment to school districts if the sum of (b) of this
28 subsection is greater than the sum of (a) of this subsection for
29 either of the respective school years or if a school district meets
30 the criteria under subsection (2) of this section.

31 (a) The current school year is calculated as the sum of (a)(i)
32 through (iii) of this subsection using the enrollments and values in
33 effect for that school year for the school district's:

34 (i) Formula-driven state allocations in part V of the state
35 omnibus appropriations act for these programs: General apportionment,
36 employee compensation adjustments, pupil transportation, special
37 education programs, institutional education programs, transitional
38 bilingual programs, highly capable, and learning assistance programs;

(ii) Local effort assistance funding received under chapter 28A.500 RCW; and

(iii) The lesser of the school district's voter-approved enrichment levy collection or the maximum levy authority provided under RCW 84.52.0531 for (~~the previous calendar~~) that school year.

(b) The baseline school year is calculated as the sum of (b)(i) through (iii) of this subsection using the current school year enrollments and the values in effect during the 2017-18 school year for the school district's:

(i) Formula-driven state allocations in part V of the state omnibus appropriations act for these programs: General apportionment, employee compensation adjustments, pupil transportation, special education programs, institutional education programs, transitional bilingual programs, highly capable, and learning assistance programs;

(ii) Local effort assistance funding received under chapter 28A.500 RCW; and

(iii) Maintenance and operation levy collection under RCW 84.52.0531 in the 2017 calendar year.

(2) From amounts appropriated in chapter 266, Laws of 2018, the superintendent of public instruction must prioritize hold harmless payments to districts that meet both the following criteria:

(a) The sum of the school district's enrichment levy under RCW 84.52.0531 and 2017 3rd sp.s. c 13 s 203 and local effort assistance under RCW 28A.500.015 is less than half of the sum of the maintenance and operations levy and local effort assistance provided under law as it existed on January 1, 2017. For purposes of the calculation in this subsection, the maintenance and operations levy is limited to the lesser of the voter-approved levy as of January 1, 2017, or the maximum levy under law as of January 1, 2017; and

(b) The adjusted assessed value of property within the school district as calculated by the department of revenue is greater than twenty billion dollars in calendar year 2017.

(3) Districts eligible for hold-harmless payments under subsection (1) of this section shall receive the difference between subsection (1)(b) and (a) of this section through the apportionment payment process in RCW 28A.510.250.

(4) The voters of the school district must approve an enrichment levy under RCW 84.52.0531 to be eligible for a hold-harmless payment under this section.

(5) This section expires December 31, 2020.

1 **Sec. 3.** RCW 28A.320.330 and 2018 c 266 s 302 are each amended to
2 read as follows:

3 School districts shall establish the following funds in addition
4 to those provided elsewhere by law:

5 (1)(a) A general fund for the school district to account for all
6 financial operations of the school district except those required to
7 be accounted for in another fund.

8 (b) By the 2018-19 school year, a local revenue subfund of its
9 general fund to account for the financial operations of a school
10 district that are paid from local revenues. The local revenues that
11 must be deposited in the local revenue subfund are enrichment levies
12 and transportation vehicle levies collected under RCW 84.52.053,
13 local effort assistance funding received under chapter 28A.500 RCW,
14 and other school district local revenues including, but not limited
15 to, grants, donations, and state and federal payments in lieu of
16 taxes, but do not include other federal revenues, or local revenues
17 that operate as an offset to the district's basic education
18 allocation under RCW 28A.150.250. School districts must track
19 expenditures from this subfund separately to account for the
20 expenditure of each of these streams of revenue by source, and must
21 provide any supplemental expenditure schedules required by the
22 superintendent of public instruction or state auditor for purposes of
23 RCW 43.09.2856.

24 (2) A capital projects fund shall be established for major
25 capital purposes. All statutory references to a "building fund" shall
26 mean the capital projects fund so established. Money to be deposited
27 into the capital projects fund shall include, but not be limited to,
28 bond proceeds, proceeds from excess levies authorized by RCW
29 84.52.053, state apportionment proceeds as authorized by RCW
30 28A.150.270, earnings from capital projects fund investments as
31 authorized by RCW 28A.320.310 and 28A.320.320, and state forest
32 revenues transferred pursuant to subsection (3) of this section.

33 Money derived from the sale of bonds, including interest earnings
34 thereof, may only be used for those purposes described in RCW
35 28A.530.010, except that accrued interest paid for bonds shall be
36 deposited in the debt service fund.

37 Money to be deposited into the capital projects fund shall
38 include but not be limited to rental and lease proceeds as authorized
39 by RCW 28A.335.060, and proceeds from the sale of real property as
40 authorized by RCW 28A.335.130.

1 Money legally deposited into the capital projects fund from other
2 sources may be used for the purposes described in RCW 28A.530.010,
3 and for the purposes of:

4 (a) Major renovation and replacement of facilities and systems
5 where periodical repairs are no longer economical or extend the
6 useful life of the facility or system beyond its original planned
7 useful life. Such renovation and replacement shall include, but shall
8 not be limited to, major repairs, exterior painting of facilities,
9 replacement and refurbishment of roofing, exterior walls, windows,
10 heating and ventilating systems, floor covering in classrooms and
11 public or common areas, and electrical and plumbing systems.

12 (b) Renovation and rehabilitation of playfields, athletic fields,
13 and other district real property.

14 (c) The conduct of preliminary energy audits and energy audits of
15 school district buildings. For the purpose of this section:

16 (i) "Preliminary energy audits" means a determination of the
17 energy consumption characteristics of a building, including the size,
18 type, rate of energy consumption, and major energy using systems of
19 the building.

20 (ii) "Energy audit" means a survey of a building or complex which
21 identifies the type, size, energy use level, and major energy using
22 systems; which determines appropriate energy conservation maintenance
23 or operating procedures and assesses any need for the acquisition and
24 installation of energy conservation measures, including solar energy
25 and renewable resource measures.

26 (iii) "Energy capital improvement" means the installation, or
27 modification of the installation, of energy conservation measures in
28 a building which measures are primarily intended to reduce energy
29 consumption or allow the use of an alternative energy source.

30 (d) Those energy capital improvements which are identified as
31 being cost-effective in the audits authorized by this section.

32 (e) Purchase or installation of additional major items of
33 equipment and furniture: PROVIDED, That vehicles shall not be
34 purchased with capital projects fund money.

35 (f)(i) Costs associated with implementing technology systems,
36 facilities, and projects, including acquiring hardware, licensing
37 software, and online applications and training related to the
38 installation of the foregoing. However, the software or applications
39 must be an integral part of the district's technology systems,
40 facilities, or projects.

1 (ii) Costs associated with the application and modernization of
2 technology systems for operations and instruction including, but not
3 limited to, the ongoing fees for online applications, subscriptions,
4 or software licenses, including upgrades and incidental services, and
5 ongoing training related to the installation and integration of these
6 products and services. However, to the extent the funds are used for
7 the purpose under this subsection (2)(f)(ii), the school district
8 shall transfer to the district's general fund the portion of the
9 capital projects fund used for this purpose. The office of the
10 superintendent of public instruction shall develop accounting
11 guidelines for these transfers in accordance with internal revenue
12 service regulations.

13 (g) Major equipment repair, painting of facilities, and other
14 major preventative maintenance purposes. However, to the extent the
15 funds are used for the purpose under this subsection (2)(g), the
16 school district shall transfer to the district's general fund the
17 portion of the capital projects fund used for this purpose. The
18 office of the superintendent of public instruction shall develop
19 accounting guidelines for these transfers in accordance with internal
20 revenue service regulations. Based on the district's most recent two-
21 year history of general fund maintenance expenditures, funds used for
22 this purpose may not replace routine annual preventive maintenance
23 expenditures made from the district's general fund.

24 (h) During the 2019-2021 fiscal biennium, renovation and
25 replacement of facilities and systems, purchase or installation of
26 items of equipment and furniture, including maintenance vehicles and
27 machinery, and other preventative maintenance or infrastructure
28 improvement purposes.

29 (3) A debt service fund to provide for tax proceeds, other
30 revenues, and disbursements as authorized in chapter 39.44 RCW. State
31 forestland revenues that are deposited in a school district's debt
32 service fund pursuant to RCW 79.64.110 and to the extent not
33 necessary for payment of debt service on school district bonds may be
34 transferred by the school district into the district's capital
35 projects fund.

36 (4) An associated student body fund as authorized by RCW
37 28A.325.030.

38 (5) Advance refunding bond funds and refunded bond funds to
39 provide for the proceeds and disbursements as authorized in chapter
40 39.53 RCW.

1 NEW SECTION. **Sec. 4.** EFFECTIVE DATE FOR PROPERTY TAX DEPOSIT
2 AND HOLD HARMLESS. Sections 1 and 2 of this act are necessary for the
3 immediate preservation of the public peace, health, or safety, or
4 support of the state government and its existing public institutions,
5 and take effect immediately."

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6 On page 1, line 1 of the title, after "funding;" strike the
7 remainder of the title and insert "amending RCW 84.52.065,
8 28A.300.780, and 28A.320.330; and declaring an emergency."

EFFECT: (1) Removes provisions that modify local enrichment
levies and local effort assistance.

(2) Allows money deposited in a capital projects fund to be used
for preventative maintenance and infrastructure improvement during
the 2019-2021 fiscal biennium.

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